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EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON

*Mr. Amery*  
*4-3151*

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ler  
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July 7, 1953

EXECUTIVE REGISTRY  
FILE 153

MEMORANDUM FOR THE NSC PLANNING BOARD

- SUBJECT: Preparation and Use of Financial Data in  
Connection with National Security Council  
Procedures
- REFERENCES: A. Memos for NSC Planning Board, June 12  
and 16, 1953  
B. Record of Planning Board Meeting, June 17,  
item 3

The enclosed statement on the preparation and use of financial data in connection with National Security Council procedures, prepared by Mr. Cutler after consultation with representatives of the Bureau of the Budget, is transmitted for consideration at the Planning Board meeting on Wednesday, July 15, at 10:00 a.m.

S. EVERETT GIEASON  
Acting Executive Secretary

*DA commented orally to [redacted] on 15 July*  
*and*

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FOR NSC STAFF CONSIDERATION ONLY

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(PLANNING BOARD)

RC

July 7, 1953

(As revised in PB meeting 15 July)  
C.L.C.

PREPARATION AND USE OF FINANCIAL DATA IN CONNECTION  
WITH NATIONAL SECURITY COUNCIL PROCEDURES

Introduction

1. In accordance with a memorandum of understanding approved by the President, the preparation and use of financial data by the Planning Board in connection with NSC procedure will generally conform to this statement.

Periodic Over-all Projections of  
Expenditures and Revenues

2. The President has directed that the Treasury Department and the Bureau of the Budget, every six months (ordinarily about August 15 and February 15), prepare projections of expenditures and revenues for the total Federal Budget on the basis of then-approved fiscal, security, and other policies; such projection to include an analysis of the fiscal implications of such projections. These projections will include a breakdown of expenditures by national security programs, [based on data in the semiannual NSC status reports. The August 15th projection will reflect agency adjustments of security program expenditures where appropriate resulting from congressional action on the current year's budget.]

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SECURITY INFORMATIONFinancial Data as to the Cost  
of a Specific Security Program

3. Functions of drafting agency. Any agency preparing an initial draft of a policy statement for the Planning Board will include in the draft the following financial information:

a. Estimated total cost of the program to carry out the policy: i.e., estimated expenditures during the first four years or the life of the program, whichever is shorter. Although such estimate may be very rough in many cases, <sup>estimates of cost may be very rough and may be expressed only in general</sup> it should be possible to indicate a general order of magnitude. Where appropriate, the estimate may be expressed as a range.

b. Estimated expenditure during the first year.

c. Estimated expenditure in the peak year.

d. Other pertinent financial data, if any, bearing on magnitude of the program, such as prior expenditures or existing capital investment.

e. A statement as to whether (1) the total cost indicated in a above will be included in some program total under an approved policy for each year in question or (2) will be in addition thereto.

f. A statement of any lower-priority programs of the drafting agency, or included within the authorizing legislation applicable to the proposed program, which can be reduced or eliminated to offset the above-mentioned total cost.

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a. Upon receipt of a draft policy statement circulated to the Planning Board, <sup>the Bureau</sup> [it] will examine, as carefully as time permits, the information included therein pursuant to paragraph 3 above.

b. As to information included pursuant to 3 a-d inclusive, if <sup>the Bureau</sup> [it] finds that the drafting agency's estimated cost differs substantially from its own rough estimate of such cost, it will discuss the matter with the drafting agency in an attempt to arrive at agreement. It will report to the Planning Board meeting at which the draft policy statement is first considered either (1) that the agency's estimates are reasonable; (2) that there is agreement on a revised set of estimates, submitted to the Board; or (3) that no agreement could be reached on a rough estimate, stating its recommendations.

c. If an agency not represented on the Planning Board will be involved in added expense, the Bureau of the Budget will assist in identifying such expense.

d. If the information included pursuant to 3-e and f indicates that the drafting agency has been unable to develop a means of offsetting the estimated cost, then at the request of the Special Assistant to the President for National Security Affairs, in specific cases, it will

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stand ready to assist him in the preparation of a supplemental paper containing information as to specified programs of the drafting agency or other agencies which might be reduced or eliminated on the basis of lower priority. Such supplemental paper will be transmitted through the Planning Board to the Council.

5. Planning Board Functions.

a. The Planning Board will consider all this financial information.

b. In the event of a conflict of views as to estimated costs (see paragraph 4-b(3)), the Planning Board may defer consideration of the proposed policy until the estimates can be examined further, or it may proceed on the basis of the available information. In either case, the Planning Board will submit to the Council a summary of any conflicting views on costs.

c. In the event that the drafting agency indicates pursuant to paragraph 3-e that the cost of the program to carry out the proposed policy can be offset, through reduction or elimination of other programs of the agency or otherwise, the Planning Board will note and transmit this view to the Council.

d. In the event that the drafting agency indicates pursuant to paragraph 3-e that the cost of the program

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to carry out the proposed policy will be additive in substantial amount, the Planning Board may make a recommendation based thereon and upon the supplemental paper referred to in paragraph 4-d.

6. Council Consideration. The Council will consider all financial information transmitted to it by the Planning Board, and will recommend to the President: (a) as to the rough order of magnitude of the cost of the program to carry out the proposed policy; (b) whether to make reductions in or eliminations of specified programs deemed by it of lower priority, which would offset such cost, or (c) to increase approved expenditure totals for security programs so as to include as additive cost the program to carry out the proposed policy.

Presidential approval of expenditure levels and financing for a particular policy will be made through the regular budget process.